United Nations ST/IC/2001/51

Secretariat

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English only

Information circular*

To: Staff members who are liable to pay income taxes to United States tax authorities on United Nations salaries and emoluments

From: The Controller

Subject: **United States federal income tax advance payments of 2001 tax credit**

1. The Internal Revenue Service and the Treasury Department will begin sending out advance payments under a new tax law passed on 7 June 2001. The law provides for a tax rate reduction credit in lieu of the new 10 per cent income tax rate bracket for 2001. This tax credit is being effected by the United States Treasury issuing cheques as advance payments, together with letters of explanation, to taxpayers in the coming months.

2. Staff members who receive the letter and/or cheque for the advance payment from the Internal Revenue Service should take the following actions:

(a) Cash or deposit the cheque into their own bank account;

(b) Retain a copy of the letter and the cheque for their files and for submission together with their 2001 tax claim to the United Nations Income Tax Unit.

3. The tax credit accelerates the effect of the introduction of the 10 per cent income tax bracket, thereby reducing the overall tax liability of staff members for 2001, and consequently affects tax reimbursements from the United Nations. The summary statement of reimbursement that will be sent by the Income Tax Unit to each staff member to whom 2001 tax settlements are made by the United Nations will indicate the amount of the tax credit determined to be due to the United Nations and the balance, if any, which is retainable by the staff member. The amount of credit due to the United Nations will be offset from the staff member's 2001 final tax reimbursement.

4. Staff members interested in getting more information on this subject are encouraged to visit the Internal Revenue Service web site at http://www.irs.gov/ind_info/apinfo/index.html for more detailed information.

* Expiration date of the present circular: 31 December 2003.

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